
R590. Insurance, Administration. (Effective 12-29-04)**R590-232. Authorization for a Health Maintenance Organization to Provide Services as Third Party Administrator of Health Care Benefits.****R590-232-1. Authority.**

This rule is promulgated and adopted pursuant to Subsection 31A-8-103(2) allowing the commissioner to waive provisions of Title 31A that he considers inapplicable to health maintenance organizations, and Section 31A-2-201 giving the commissioner authority to implement the provisions of Title 31A.

R590-232-2. Purpose.

The purpose of this rule is to authorize a health maintenance organization to provide services as a third party administrator of health care benefits.

R590-232-3. Definitions.

All definitions in Sections 31A-1-301 and 31A-8-101 are hereby adopted by reference.

Rule R590-232-4. Findings.

A. The term "organization" includes a health maintenance organization by definition.

B. Subsection 31A-8-106 provides, "No organization may engage, directly or indirectly, in any business other than that of an organization and business reasonably incidental to that business."

C. For some time, there has been a question as to whether providing services by a health maintenance organization as a "third party administrator" of health care benefits could be deemed to be the "business . . . of an organization" or at least be deemed to be "business reasonably incidental to that business."

D. The Commissioner finds that when a health maintenance organization provides services as a third party administrator of health care benefits, that business is, at the very least, "business reasonably incidental to [the] business" of a health maintenance organization.

E. In addition, Subsection 31A-8-103(2) provides, "The commissioner may by rule waive other specific provisions of this title that the commissioner considers inapplicable to health maintenance organizations or limited health plans, upon a finding that the waiver will not endanger the interests of: (a) enrollees; (b) investors; or (c) the public."

E. To the extent the definition of "third party administrator" in Section 31A-1-301 can be read as prohibiting a health maintenance organization from providing services as a third party administrator of health care benefits, and to the extent Chapter 25 of Title 31A can be read as requiring that a health maintenance organization apply for a separate license to provide services as a third party administrator of health care benefits, the commissioner finds that waiving those provisions with respect to health maintenance organizations will not endanger the interests of (a) enrollees, (b) investors, or (c) the public, and therefore the commissioner hereby waives those provisions with respect to a health maintenance organization providing third party administrator services of health care benefits.

R590-232-5. Rule.

A health maintenance organization may provide services as a third party

administrator of health care benefits, and may do so without acquiring a third party administrator license under Chapter 25 of Title 31A.

R590-232-6. Severability.

If any provision of this rule or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of such provision to other persons or circumstances shall not be affected thereby.

KEY: health maintenance organizations

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